World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup

WR 21-84

May 23, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

MEXICO has purchased 250,000 tons of Australian feed wheat, reportedly at favorable prices. The sale also includes three-year credit, and though terms are not known, the availability of credit may have been instrumental in the Mexican decision to buy Australian supplies. This may be the first Australian wheat sale to Mexico ever, and further demonstrates that Australia is continuing to expand export outlets successfully for its huge supplies of downgraded wheat, possibly at the expense of U.S. feed grain sales. Australia had been selling feed wheat primarily to South Korea and, most recently, South Africa.

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In an effort to assure a market for its surplus production, AUSTRIA recently signed a long-term grain agreement with the German Democratic Republic. The agreement calls for the shipment of 350,000 tons of grain annually during 1984 through 1986. Reportedly, government guaranteed credit may be involved.

Austria has progressed from the position of a net grain importer in the early 1970s to one of a growing grain exporter in recent years. Austrian grain production has been stimulated by domestic grain prices that are maintained well above world market levels. In order to make export sales, the Austrian Grain Marketing Board subsidizes shipments through a fund into which the government and the farmers contribute equal shares.

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In MOROCCO, 1984/85 combined wheat and barley production is estimated by the U.S. agricultural attache in Rabat at 3.4 million tons, 7 percent above last year's drought-reduced crop. Extremely dry weather in early to mid-April severely reduced yield prospects of this year's crop. During this period, the winter grains were in the moisture-sensitive reproductive phases of development. The wheat crop is estimated at 2.0 million tons, 3 percent above last year's crop. Barley production is estimated at 1.4 million, 14 percent above last year's harvest. The winter grain crop is currently maturing and will be harvested in late May through early July.

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While the seeding of all spring crops in the SOVIET UNION was somewhat ahead of the average pace as of May 14, fewer small grains and pulses had been planted than usual. All spring crops had been seeded on 83.2 million hectares (compared with the long-term average of 80.9 million). Small grains and pulses accounted for 45.1 million hectares (46.4 million hectares). Additionally, corn-for-grain plantings occupy 3.6 million hectares, down from 4.4 million a year ago and well below the 5.7-million hectare target for the year. Grain crop plantings, in general, have slowed because of the cool weather in the eastern regions.

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VENEZUELA has banned sorghum imports to prevent the resale of imported sorghum at subsidized internal prices. The current farm gate and delivered mill price of sorghum is 1,400 bolivares (about $105) and 1,600 bolivares ($120 per ton), respectively. Under Venezuela's dual exchange rate, sorghum is imported at the floating rate of about 13.5 bolivares per dollar, but the government subsidizes the spread between this rate and the preferential rate of 4.3 bolivares per dollar. The price per ton of imported sorghum is currently about $185 (2,500 bolivares) per ton, but in effect drops to only about $60 (800 bolivares) per ton at the preferential rate. Thus, importers could collect a subsidy of 1,700 bolivares (about $125) per ton and could then sell the imported sorghum to mills at the artificially high internal price.

In a further move to protect domestic sorghum producers, the government recently introduced tight controls over the sale of domestically produced corn. Farmers are now required to receive authorization from four government agencies before domestically produced corn can be sold, a practice that reportedly is discouraging many farmers from planting corn this year.

OILSEEDS AND PRODUCTS

BRAZIL's May 9 suspension of export registrations for soybeans and soybean oil was modified on May 11 for soybean oil and on May 17 for soybeans. These decisions by CACEX, the Foreign Trade Department of the Bank of Brazil, allow companies to register up to 80 percent of the volume of soybean oil and up to 100 percent of the volume of soybeans that they exported from March through July of last year. This would make approximately 440,000 tons of soybean oil available for shipment in the comparable period of 1984. It is believed that soybean oil exports will, in fact, exceed this amount because some companies registered for export prior to the first enactment of restrictions. With the 80 percent ceiling Brazilian authorities estimate that marketing year 1985 soybean oil exports will total about 850,000 tons. Brazil exported 947,000 tons of soybean oil during its February 1983-January 1984 marketing year, and USDA currently estimates exports at somewhat less than this in the 1984/85 period.

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Trade sources expect the export restrictions to be extended on a monthly basis, with the 80 percent ceiling being maintained. For example, at the end of May, CACEX could extend the restricted period through August, with similar extensions being announced in succeeding months. Future decisions will be governed by the need to ensure that the domestic market is adequately supplied.

It is believed that CACEX intends to hold soybean exports in calendar year 1984 to the same level as were shipped in 1983, when, according to CACEX, 1.3 million tons of soybeans were exported. Although CACEX has refused to divulge soybean export registrations so far this year, trade sources estimate this amount at around 950,000 tons. The difference between the volumes registered this year and last year will be issued in two parts--50 percent through July and the remaining 50 percent for between August and October.

In a related development, Brazil's National Monetary Council authorized imports of refined soybean oil to maintain normal domestic supplies, but significant imports are not expected in the near term because international prices are above domestic levels.

DAIRY, LIVESTOCK AND POULTRY

URUGUAY's cattle situation is improving, according to the U.S. agricultural attache in Buenos Aires. Cattle prices that are 270 percent above year-ago levels and good pasture conditions have encouraged farmers to start rebuilding their cattle herds. At the beginning of 1984, cattle numbers were 9.5 million head, a six-year low. By the end of the year, numbers are expected to be up 2 percent for the first increase since culling started in 1981. As the result of herd rebuilding, 1984 beef production is expected to fall 14.5 percent to 352,000 tons. Farm debt remains a problem in Uruguay and if cattle prices fall, bankers could demand immediate payment on delinquent loans, which would change current favorable prospects significantly.

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AUSTRALIAN milk production in 1983/84 is expected to total 6.1 million tons, 6.8 percent above 1982/83 production, according to a recently released forecast by the Australian Dairy Commission (ADC). A larger number of cows being milked, plus favorable pastures due to abundant rainfall, have resulted in the large production increase.

Most of the increased milk production is being utilized for butter and nonfat dry milk production because markets for fresh milk and for cheese are not expanding. Butter production during 1983/84 is forecast at 117,000 tons, up 5 percent, while nonfat dry milk production will grow by a third and reach 122,000 tons. Much of the increased production of these two products is expected to end up as stocks as international markets are not strong for either product.

Livestock output in state and collective farms in the SOVIET UNION continued to expand during April. For the January-April period, total meat production (live-weight basis) is reported to be 8.1 percent above 1983, with beef up 5.8 percent; pork, 15.5 percent; and poultry, 6.5 percent. Milk production was up 5.4 percent, while eggs were up 3.8 percent. May 1 animal inventories were above the previous year's figures for all categories except cow numbers, which were down slightly.

Two areas where it appears the rapid expansion may be starting to slow are milk production and poultry numbers. The slower increase in milk production (April production was up only 1 percent compared with a 6-percent increase in March) is probably related to the shift from winter feeding to spring pastures, some of which are short on moisture. Slower growth in poultry numbers, up only 1.7 percent on May 1 compared with a 2.8-percent increase last year, likely reflects short supplies of high protein feeds.

TOBACCO

The article on WORLD tobacco production, which was originally scheduled for release in this edition, has been rescheduled for release next week. The article will include the first forecast of 1984 world tobacco production.

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The EUROPEAN COMMUNITY (EC) Council has decided to extend the second stage of the tobacco tax harmonization to Dec. 31, 1985. The EC Commission proposed last December to extend the second stage to Dec. 31, 1984. The Council felt that no move to the third stage would be forthcoming and extended the second stage by two years, rather than one year as proposed by the Commission. It is felt that there is so much opposition that the EC is unlikely to proceed to the third stage.

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NIGERIA has announced new tariffs and excise taxes to protect local industry, reduce unemployment and generate more revenue from the non-oil sector. The following import tobacco categories previously subject to specific rates of duty now attract ad valorem rates of duty:

	Old Specific Duty (Naire per Kg.)	New Ad Valorem Rate (Percent)
Unmanufactured tobacco	3.35	30
Other unmanufactured tobacco	4.41	30
Cigars and cheroots	15	100
Cigarettes	15	60
Other (including snuff)	9.92	50

Selected International Prices

Item	May 22, 1984		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	N.Q.	N.Q.	205.00
U.S. No. 2 DNS/NS: 14%....	186.25	5.07	+2.25	188.00
U.S. No. 2 S.R.W.	161.00	4.38	+11.00	160.00
U.S. No. 3 H.A.D.........	185.50	5.05	+1.50	205.00
Canadian No. 1 A: Durum...9/	200.00	5.44	0	10/ 214.50
Feed grains:				
U.S. No. 3 Yellow Corn....	163.00	4.14	+4.50	146.40
Soybeans and meal:				
U.S. No. 2 Yellow.........	350.75	9.55	+10.75	249.90
Brazil 47/48% SoyaPellets	220.00	--	+5.00	219.00
U.S. 44% Soybean Meal.....	224.00	--	+8.00	217.50
U.S. FARM PRICES 3/				
Wheat.....................	133.36	3.63	+2.20	134.83
Barley....................	105.63	2.30	+2.29	72.56
Corn......................	134.25	3.41	+3.14	118.11
Sorghum...................	110.67	5.02	+2.42	106.92
Broilers 4/...............	1303.35	--	+28.43	1038.80
EC IMPORT LEVIES				
Wheat 5/.................	71.40	1.94	-10.00	98.30
Barley....................	62.25	1.36	-4.30	105.55
Corn......................	44.45	1.13	-3.35	77.65
Sorghum...................	71.35	1.81	-2.20	86.45
Broilers 4/ 6/ 8/.........	165.00	--	0	288.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	178.15	4.85	0	183.65
Bread wheat (min. quality)7/	193.70	5.27	-.05	201.40
Barley and all other feed grains.......	178.15	4.85	0	183.65
Broilers 4/ 6/............	1159.00	--	+23.00	1152.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	N.A.
Barley....................	41.75	.91	-1.65	78.70
Broilers 4/ 6/ 8/.........	130.00	--	0	207.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects exchange rate change and not level set by EC. 9/ November shipment. 10/ July shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis June delivery.

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